

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 INR-07 NSAE-00 FAA-00 L-03 SSO-00 INRE-00

/032 W

----- 098085

O R 191226Z DEC 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 6236

INFO AMEMBASSY LONDON

AMEMBASSY BONN

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E. O. 11652: N/A

TAGS: EAIR, FR, US

SUBJ: CIVAIR: PANAM'S OTC PROGRAM

REF: PARIS 32920

1. PANAM CONTACTED US LATE AFTERNOON DEC. 18
INDICATING HOME OFFICE AGREED WOULD BE UNWISE PRESS
SGAC FOR EARLY RESPONSE ON OTC PROGRAM. AFTER
CONSULTING WITH BOSTON TOUR OPERATOR PANAM WAS NOW
CURRENTLY EXPLORING WHETHER MIGHT BE POSSIBLE OPERATE
FLIGHTS INSTEAD AS AFFINITY PROGRAM. TOUR OPERATOR
HAD APPARENTLY HAD CONSIDERABLE EXPERIENCE WITH
AFFINITIES AND FELT HE COULD MARKET PROGRAM OF THAT
VOLUME IF HE HAD ENOUGH LEAD TIME FOR ADVERTISING.

2. QUESTION THAT WAS TROUBLING PANAM NEW YORK,
HOWEVER, WAS WHETHER SGAC WOULD PERMIT MORE THAN
THREE AFFINITY GROUPS ON ONE AIRCRAFT SINCE UP TO
ELEVEN MINIMUM SIZE AFFINITY GROUPS WOULD BE NEEDED
TO FILL EACH 747. SGAC CIRCULAR NO. 2768 OF MAY 4,
1973 STATED NO MORE THAN THREE GROUPS OF ANY ONE
CHARTER CATEGORY WOULD BE PERMITTED PER AIRCRAFT,
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THOUGH LATER REGULATIONS SEEMED CONTRADICT THIS

SOMEWHAT.

3. PANAM PARIS HAD QUERIED MME. THOMASSET OF SGAC ON THIS SUBJECT. NO MENTION WAS MADE OF POSSIBILITY OF TRYING OPERATE OTC PROGRAM AS AFFINITIES. HER REPLY WAS THAT CIRCULAR NO. 2714 HAD NEVER BEEN RESCINDED AND THEREFORE SHE SAW NO WAY AROUND THIS THREE GROUP LIMITATION EVEN FOR AFFINITIES.

4. PANAM REPS ASKED FOR OUR ADVICE ON HOW NEXT PROCEED. WE RECALLED THAT DURING RECENT CHARTER TALKS FRENCH DEL HAD ECHOED ECAC LINE ON RESTRICTION OF COMMINGLING TO THREE DIFFERENT CHARTER CATEGORIES PER AIRCRAFT BUT WE DID NOT RECALL THEY HAD OTHERWISE INDICATED ANY QUANTITATIVE RESTRICTION EXISTED AS TO MINGLING OF GROUPS OF SAME CHARTER CATEGORY ON A SINGLE AIRCRAFT. (PERHAPS NOTES OF COLWELL AND CAB REPS ON THIS POINT MAY THROW MORE LIGHT ON STATEMENT OF FRENCH DEL POSITION THIS POINT.) WE SUGGESTED THIS BE CLARIFIED WITH ESPEROU, EITHER BY PANAM DIRECTLY OR BY EMBASSY IF PANAM DESIRED. WE NOTED THAT SINCE MOU WAS BEING EXTENDED ONLY 60 DAYS, AS OF THIS DATE GOF ACCEPTANCE OF US-ORIGIN AFFINITIES WOULD THEORETICALLY NOT EXTEND BEYOND THAT DEADLINE IN ABSENCE OF RENEWAL OF MOU, THOUGH FRENCH DEL HAD INDICATED IN RECENT BILATERAL TALKS READINESS TO CONTINUE ACCEPTING AFFINITIES IN 1976 SUBJECT TO 30 DAY PRELISTING WITH "REASONABLE" SUBSTITUTION PERMITTED. HOWEVER, WE FELT THAT AFTER CLARIFYING INTERMINGLING ISSUE WITH ESPEROU AND ASSUMING HIS RESPONSE THAT POINT WAS SATISFACTORY, HE SHOULD BE TOLD THAT AFFINITY PROGRAM WAS BEING ORGANIZED BY PANAM IN LIEU OF OTC PROGRAM. SGAC WOULD LEARN OF THIS ANYWAY WHEN OTC FILING WAS WITHDRAWN AND REPLACED BY AFFINITY FILING OF SAME MAGNITUDE.

5. AFTER CHECKING WITH NEW YORK, PANAM REPS AGREED TO ABOVE SUGGESTED SCENARIO AND ASKED IF EMBASSY COULD FOLLOW UP AS SUGGESTED WITH ESPEROU. BOSTON TOUR OPERATOR WAS WILLING TO EXTEND DEADLINE LIMITED OFFICIAL USE

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WITH PANAM UNTIL EARLY NEXT WEEK. SINCE ESPEROU WAS NOW IN BRAZIL AND WILL BE BACK IN PARIS ONLY DEC. 22, HOWEVER, IT WAS DECIDED EMBASSY WOULD WAIT AND CONTACT HIM ON THAT DATE. PANAM AGREED WITH US ESPEROU WAS LIKELY TO BE MORE AMENABLE INTERLOCUTER FOR US THAN WOULD ABRAHAM.

6. SHOULD ESPEROU INTERPOSE OBJECTIONS FOR OPERATION

OF FLIGHTS AS AFFINITIES, WE WOULD PROPOSE TAKE LINE
WITH HIM THAT SUCH FLIGHTS WOULD OPERATE UNDER US
RULES OF ORIGIN FOR CATEGORY OF FLIGHTS GOF HAS
AGREED ACCEPT AS CHARTERWORTHY. FLIGHTS WILL THUS
BE SUBJECT TO CAB ENFORCEMENT ON DEPARTURE AND TO

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WHATEVER ENFORCEMENT SGAC MAY REQUIRE ON ARRIVAL.
ONE POINT THAT DOES TROUBLE US, HOWEVER, IS THAT
PROPOSED "AFFINITY" PROGRAMS WOULD STILL INCLUDE
GROUND PACKAGE AND WOULD BE SO MARKETING, ALBEIT TO
AFFINITY GROUPS, SO IN EFFECT THEY WOULD BE HELD
OUT TO PUBLIC AS BEING ONE STOP INCLUSIVE TOURS.
WOULD THIS REALLY QUALIFY AS AFFINITY CHARTER, OR UNDER
CAB RULES (OR IN INTERPRETATION OF US-FRANCE
MOU) IS AFFINITY CHARTER TO BE CONSIDERED AS ONE
MARKETING FOR AIR TRANSPORTATION ALONE?

7. RE PARA 2 REFTTEL, PANAM HAS LEARNED THAT AIR
FRANCE OFFERED BOSTON TOUR OPERATOR CHARTER AT COST
\$260 PER PASSENGER. (FYI-PANAM'S SOURCE WAS NOT

BOSTON TOUR OPERATOR WHO WOULD NOT DIVULGE INFO
BUT IN FACT AIR FRANCE SALES REP IN US. FOR OBVIOUS
REASONS PANAM ASKS SOURCE BE WELL PROTECTED.
END FYI.) COMMENT: WHILE ADMITTEDLY DURING RECENT
BILATERAL TALKS FRENCH DEL INDICATED SGAC MIGHT
UNDER EXCEPTIONAL CIRCUMSTANCES PERMIT DEVIATION BY
AS MUCH AS 10-15 PERCENT BELOW ITS MINIMUM PRICE
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GUIDELINES, ABOVE INFO CAN USEFULLY BE HELD IN
RESERVE IF DURING RESUMED BILATERAL TALKS WE WISH
TAKE FRENCH DEL TO TASK ON MINIMUM PRICE ISSUE ON
GROUNDS FRENCH NATIONAL CARRIER IS NOT RESPECTING
ITS OWN GOVERNMENT'S GUIDELINES FOR PRICING ON
US-ORIGIN CHARTER TRAFFIC TO FRANCE, WHEREAS PRECISE
REASON FOR EXISTENCE OF GUIDELINES IS OSTENSIBLY TO
PROTECT THE SCHEDULED SERVICE OF THAT SAME NATIONAL
CARRIER.

8. ACTION REQUESTED: WOULD APPRECIATE RESPONSE TO
QUESTION PARA 6 ABOVE BY OPENING OF BUSINESS DECEMBER
22.
RUSH

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